

LAKE PROVIDENCE PORT COMMISSION  
 Lake Providence, Louisiana  
 PROPRIETARY FUND TYPE - ENTERPRISE FUND

Statement of Revenues, Expenses, and  
 Changes in Retained Earnings  
 For the Year Ended December 31, 1996

<b>OPERATING REVENUES</b>	
Use of money and property - leases	<u>\$219,777</u>
<b>OPERATING EXPENSES</b>	
Salaries	32,600
Retirement benefits	3,977
Professional services	28,075
Advertising	1,163
Utilities	7,349
Telephone	1,066
Insurance	8,021
Materials and supplies	2,023
Travel	5,675
Repairs and maintenance	9,847
Dues and subscriptions	2,489
Rental expense	5,025
Depreciation	185,866
Other operating expenses	3,879
Total operating expenses	<u>297,055</u>
<b>OPERATING INCOME (Loss)</b>	<u>(77,278)</u>
<b>NON-OPERATING REVENUES (Expenses)</b>	
Ad valorem taxes	76,398
State revenue sharing	7,415
Interest income	37,736
Interest expense	(88,039)
Other non-operating expenses	(3,632)
Total non-operating revenues (expenses)	<u>29,878</u>
<b>NET INCOME (Loss)</b>	(47,400)
<b>RETAINED EARNINGS AT BEGINNING OF YEAR</b>	<u>2,469,295</u>
<b>RETAINED EARNINGS AT END OF YEAR</b>	<u>\$2,421,895</u>

The accompanying notes are an integral part of this statement.

LOUIS L. ANDRIES  
CERTIFIED PUBLIC ACCOUNTANT

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**Independent Auditor's Report on  
Compliance With Laws and Regulations**

BOARD OF COMMISSIONERS  
LAKE PROVIDENCE PORT COMMISSION  
Lake Providence, Louisiana

I have audited the general purpose financial statements of the Lake Providence Port Commission, a component unit of the East Carroll Parish Police Jury as of December 31, 1996, and for the year then ended, and have issued my report thereon dated April 25, 1997.

I conducted my audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards, and the audit guide require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws and regulations applicable to the Lake Providence Port Commission is the responsibility of the commission's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, I performed tests of the Lake Providence Port Commission's compliance with certain provisions of laws, regulations, and contracts. However, the objective of my audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

PRACTICE LIMITED TO GOVERNMENTAL AUDITING AND ACCOUNTING

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## LAKE PROVIDENCE PORT COMMISSION

Lake Providence, Louisiana

### Notes to the Financial Statements (Continued)

Because the police jury appoints a voting majority of the commission's governing body, the agency was determined to be a component unit of the East Carroll Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds of the commission and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

#### **B. FUND ACCOUNTING**

The Lake Providence Port Commission is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed primarily through user charges.

#### **C. BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The Enterprise Fund is reported in the accompanying financial statements on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

#### **D. FIXED ASSETS AND LONG-TERM DEBT**

Fixed assets of the commission are included on the balance sheet of the Enterprise Fund at cost. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over an estimated useful life of: 40 years for buildings and improvements other than buildings; 5 to 20 years for equipment; and 5 to 10 years for furniture and fixtures. Long-term debt is recognized within the Enterprise Fund.

#### **E. CASH AND CASH EQUIVALENTS**

Under state law, the commission may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United

LAKE PROVIDENCE PORT COMMISSION

Lake Providence, Louisiana

Notes to the Financial Statements (Continued)

States. The commission may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 1996, the commission has cash and cash equivalents (book balances) totaling \$426,160 as follows:

Demand deposits	\$215,837
Time deposits	<u>210,323</u>
Total	<u>\$426,160</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at December 31, 1996, are secured as follows:

Bank balances	<u>\$472,390</u>
Federal deposit insurance	\$270,841
Pledged securities (uncollateralized)	<u>748,270</u>
Total	<u>\$1,019,111</u>

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the commission, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20.106; however, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the commission that the fiscal agent bank has failed to pay deposited funds upon demand.

**F. VACATION AND SICK LEAVE**

The director of the port earns from fourteen to twenty four days of cumulative vacation and sick leave per year depending on length of service.

**LAKE PROVIDENCE PORT COMMISSION**  
Lake Providence, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended December 31, 1996

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Lake Providence Port Commission was created by Act 450 of the 1958 Session of the Louisiana Legislature as the governing authority of the Lake Providence Port, Harbor, and Terminal District. The board of commissioners consist of seven members; four appointed by the East Carroll Parish Police Jury, two by the Town of Lake Providence, and one elected by the six appointed members. The commissioners serve four year staggered terms without compensation.

**A. REPORTING ENTITY**

As the governing authority of the parish, for reporting purposes, the East Carroll Parish Police Jury is the financial reporting entity for East Carroll Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria determining which component units should be considered part of the East Carroll Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial responsibility. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
  - a. The ability of the police jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

LAKE PROVIDENCE PORT COMMISSION  
 Lake Providence, Louisiana  
 Notes to the Financial Statements (Continued)

**G. CONTRIBUTED CAPITAL**

Grants received by the commission that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired from such contributions.

**2. LEVIES TAXES AND PRINCIPAL TAXPAYERS**

The commission is authorized by voter approval to levy a 2.5 mill ad valorem tax in the parish for the purpose of carrying out its powers, including the payment of principal and interest on indebtedness incurred by the commission. The commission levied 3.17 mills for 1996. The difference between authorized and levied millages is the result of reassessments of taxable property in the parish as required by Article 7, Section 18 of the Louisiana Constitution of 1974.

The following are the principal taxpayers for the parish and their 1996 assessed valuations:

	1996 Assessed Valuation	Per cent of Total Assessed Valuation
Trunkline Gas Company	\$2,694,980	11.09%
Columbia Gulf Transmission Company	1,187,200	4.89%
Southern Natural Gas Company	853,870	3.51%
Bell South Telecommunications	827,060	3.40%
Tenneco Gas	824,550	3.39%
Entergy Services, Inc.	779,970	3.21%
Texas Eastern Transmission	634,390	2.61%
Bunge Corporation	463,920	1.91%
Terrell Riverservice, Inc.	359,414	1.48%
Hollybrook Warehouse, Inc.	350,836	1.44%
Total	<u>\$8,976,190</u>	<u>36.93%</u>

**3. CHANGES FIXED ASSETS**

The following presents the changes in fixed assets for the year ended December 31, 1996:

LAKE PROVIDENCE PORT COMMISSION  
 Lake Providence, Louisiana  
 PROPRIETARY FUND TYPE -  
 ENTERPRISE FUND

Statement of Cash Flows  
 For the Year Ended December 31, 1996

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating Loss	<u>(\$77,278)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	185,866
Decrease in receivables	47,219
Decrease in payables	(126,526)
Increase in other assets	<u>(250)</u>
Total adjustments	106,309
Net cash provided by operating activities	<u>29,031</u>
 <b>CASH FLOWS FROM CAPITAL AND        RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	(1,019,467)
Principal paid on long-term debt	(96,000)
Interest paid on long-term debt	(85,387)
Ad valorem tax proceeds	77,529
Grant proceeds	<u>563,352</u>
Total cash flows from capital and related financing activities	<u>(559,973)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest earnings	<u>37,736</u>
 <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	 (493,206)
 <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	 <u>919,366</u>
 <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	 <u><u>\$426,160</u></u>

The accompanying notes are an integral part of this statement.

LAKE PROVIDENCE PORT COMMISSION  
 Lake Providence, Louisiana  
 Notes to the Financial Statements (Continued)

	Balance at January 1, 1996	Additions	Deletions	Balance at December 31, 1996
Land	\$878,318			\$878,318
Buildings	1,609,000	\$880,924		2,489,924
Improvements other than buildings	2,720,341	1,253,061		3,973,402
Equipment	993,907	23,592		1,017,499
Construction in progress	1,181,057	40,188	(\$1,178,299)	42,946
Total	<u>\$7,382,623</u>	<u>\$2,197,765</u>	<u>NONE</u>	<u>\$8,402,089</u>

A summary of proprietary fund type property, plant, and equipment at December 31, 1996, follows:

Land	\$878,318
Buildings/improvements	6,463,326
Furniture/equipment	1,017,499
Construction in progress	42,946
Total	<u>8,402,089</u>
Accumulated depreciation	<u>(1,046,322)</u>
Net fixed assets	<u>\$7,355,767</u>

Included in additions to fixed assets above is \$1,178,299, of fixed assets acquired with grant funds restricted for that purpose. As discussed in note 1G, those grant funds are not recognized on Statement B, but instead, are reflected as an increase in contributed capital on Statement A.

#### 4. PENSION PLAN

The one employee of the Lake Providence Port Commission is a member of the Louisiana State Employees' Retirement System (System), a cost-sharing multi-employer, defined benefit pension plan administered by a separate board of trustees. Generally, all full-time employees are eligible to participate in the system, with employee benefits vesting after 10 years of service.

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (504) 922-0600.

BOARD OF COMMISSIONERS  
LAKE PROVIDENCE PORT COMMISSION  
Lake Providence, Louisiana  
Independent Auditor's Report,  
December 31, 1996

In accordance with *Government Auditing Standards*, I have also issued a report dated April 25, 1997, on my consideration of the Lake Providence Port Commission's internal control structure and a report dated April 25, 1997, on its compliance with laws, regulations, and contracts.

*Ravis L. Andrieu*

West Monroe, Louisiana  
April 25, 1997

LAKE PROVIDENCE PORT COMMISSION

Lake Providence, Louisiana

Notes to the Financial Statements (Continued)

*Funding Policy.* Plan members are required by state statute to contribute 12.0 per cent of their annual covered salary and the Lake Providence Port Commission is required to contribute at an actuarially determined rate. The current rate is 12.0 per cent of annual covered payroll. The contribution requirements of plan members and the Lake Providence Port Commission are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:102, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Lake Providence Port Commission's contributions to the system for the years ended December 31, 1996, 1995, and 1994, were \$3,977, \$4,164, and \$4,498, respectively, equal to the required contributions for each year.

**5. CHANGES IN LONG-TERM DEBT**

The following is a summary of long-term debt transactions for the year ended December 31, 1996:

	<u>Certificates of Indebtedness</u>	<u>General Obligation Bonds</u>	<u>Total</u>
Long-term debt payable at January 1, 1996	\$1,100,000	\$90,000	\$1,190,000
Retirements	(76,000)	(20,000)	(96,000)
Long-term debt payable at December 31, 1996	<u>1,024,000</u>	<u>\$70,000</u>	<u>1,094,000</u>
Less current maturities	<u>(82,000)</u>	<u>(20,000)</u>	<u>(102,000)</u>
Long-term debt payable at December 31, 1996	<u><u>\$942,000</u></u>	<u><u>\$50,000</u></u>	<u><u>\$992,000</u></u>

Long-term debt payable at December 31, 1996, are comprised of the following individual issues:

\$325,000 - General obligation bonds payable at December 31, 1996, were issued March 1, 1974. Annual installments from \$20,000 to \$25,000 are due through September 1, 1999, with interest of 5.25 per cent. \$70,000

\$1,100,000 - Certificates of indebtedness issued December 18, 1995, are due in annual installments from \$82,000 to \$152,000 through December 1, 2005, with interest of 8 per cent. 1,024,000  
\$1,094,000

LAKE PROVIDENCE PORT COMMISSION  
Lake Providence, Louisiana  
PROPRIETARY FUND TYPE - ENTERPRISE FUND

Balance Sheet, December 31, 1996

**ASSETS**

Current assets:	
Cash	\$206,720
Receivables:	
Ad valorem taxes	71,725
State revenue sharing	4,936
Other assets	250
Total current assets	<u>283,631</u>
Restricted assets:	
Cash and cash equivalents	<u>219,440</u>
Property, plant, and equipment (net of accumulated depreciation)	<u>7,355,767</u>
 TOTAL ASSETS	 <u><u>\$7,858,838</u></u>

**LIABILITIES AND FUND EQUITY**

Liabilities:	
Current liabilities payable from current assets:	
Accounts payable	\$22,237
Accrued interest payable	17,928
Current portion of long-term debt	<u>102,000</u>
Total current liabilities payable from current assets	142,165
Long-term liabilities:	
General obligation bonds	50,000
Certificates of indebtedness	<u>942,000</u>
Total long-term liabilities	<u>992,000</u>
Total liabilities	<u>1,134,165</u>
Fund Equity:	
Contributed capital	4,302,778
Retained earnings:	
Reserved for debt service	31,745
Unreserved - undesignated	<u>2,390,150</u>
Total retained earnings	<u>2,421,895</u>
Total Fund Equity	<u>6,724,673</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u><u>\$7,858,838</u></u>

The accompanying notes are an integral part of this statement.

**Independent Auditor's Reports Required  
by *Government Auditing Standards***

The following independent auditor's reports on compliance with laws, regulations, contracts, and grants and on the internal control structure are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

BOARD OF COMMISSIONERS  
LAKE PROVIDENCE PORT COMMISSION  
Lake Providence, Louisiana  
Independent Auditor's Report  
on Compliance, etc.,  
December 31, 1996

This report is intended for the information of the board of commissioners of the Lake Providence Port Commission, management of the commission, and interested state and local agencies. This is not intended to limit the distribution of this report, which is a matter of public record.

*James A. Andrie*

West Monroe, Louisiana  
April 25, 1997

LOUIS L. ANDRIES  
CERTIFIED PUBLIC ACCOUNTANT

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**Independent Auditor's Report  
on Internal Control Structure**

BOARD OF COMMISSIONERS  
LAKE PROVIDENCE PORT COMMISSION  
Lake Providence, Louisiana

I have audited the general purpose financial statements of the Lake Providence Port Commission, a component unit of the East Carroll Parish Police Jury as of December 31, 1996, and for the year then ended, and have issued my report thereon dated April 25, 1997.

I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the Lake Providence Port Commission, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the general purpose financial statements of the Lake Providence Port Commission for the year ended December 31, 1996, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

PRACTICE LIMITED TO GOVERNMENTAL AUDITING AND ACCOUNTING

LAKE PROVIDENCE PORT COMMISSION  
Lake Providence, Louisiana

General Purpose Financial Statements  
With Independent Auditor's Report  
As of and for the Year Ended  
December 31, 1996

C O N T E N T S

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BOARD OF COMMISSIONERS  
LAKE PROVIDENCE PORT COMMISSION

Lake Providence, Louisiana  
Independent Auditor's Report on  
Internal Control Structure,  
December 31, 1996

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of the board of commissioners of the Lake Providence Port Commission management of the commission, and interested state and local agencies. This is not intended to limit the distribution of this report, which is a matter of public record.

*James H. Anderson*

West Monroe, Louisiana  
April 25, 1997

LOUIS L. ANDRIES  
CERTIFIED PUBLIC ACCOUNTANT

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**Independent Auditor's Report**

BOARD OF COMMISSIONERS  
LAKE PROVIDENCE PORT COMMISSION  
Lake Providence, Louisiana

I have audited the general purpose financial statements of the Lake Providence Port Commission, a component unit of the East Carroll Parish Police Jury, as of December 31, 1996, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Lake Providence Port Commission's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Lake Providence Port Commission as of December 31, 1996, and the results of operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

PRACTICE LIMITED TO GOVERNMENTAL AUDITING AND ACCOUNTING

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**LAKE PROVIDENCE PORT COMMISSION  
Lake Providence, Louisiana**

**General Purpose Financial Statements  
With Independent Auditor's Report  
As of and for the Year Ended  
December 31, 1996**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date ~~MAY 07 1997~~

LAKE PROVIDENCE PORT COMMISSION  
 Lake Providence, Louisiana  
 Notes to the Financial Statements (Continued)

The annual requirements to amortize all outstanding debt outstanding at December 31, 1996, including interest of \$456,975 is as follows:

<u>Year</u>	
1997	\$187,070
1998	190,329
1999	189,976
2000	164,640
2001	164,320
2002-2005	<u>654,640</u>
Total	<u>\$1,550,975</u>

**6. OPERATING LEASE**

The port commission leases certain property from the Town of Lake Providence. The lease is for a ten year period with two options to extend the term of the lease for two additional ten year periods. Rent is payable at a rate of \$670 per month.

**7. RESERVED RETAINED EARNINGS**

A portion of retained earnings has been reserved for future payment of long-term debt. At December 31, 1996, reserved retained earnings consists of cash and cash equivalents totaling \$31,745.

**8. LITIGATION AND CLAIMS**

The Lake Providence Port Commission is not involved in any litigation at December 31, 1996, nor is it aware of any unasserted claims.

**9. CAPITAL GRANT FUNDS**

During the year ended December 31, 1996, the commission received \$563,362 from the Louisiana Department of Transportation and Development for the construction of fixed assets. Those grant funds are included in fixed assets and contributed capital on Statement B.